



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 15, 2000

S. 426

Huna Totem Corporation Land Exchange Act

As ordered reported by the House Committee on Resources on September 14, 2000

CBO estimates that enacting S. 426 would not have a significant impact on the federal budget. Because the legislation could affect offsetting receipts (a credit against direct spending), pay-as-you-go procedures would apply, but we estimate that any increase in direct spending would total less than \$500,000 a year. S. 426 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no significant costs on the budgets of state, local, or tribal governments.

S. 426 would direct the Secretary of Agriculture to convey the surface estate to certain federal lands in the Tongass National Forest to the Huna Totem Corporation, and also to convey the subsurface estate to such federal lands to the Sealaska Corporation. The lands to be conveyed would be selected by the two corporations from federal lands depicted on the map described in the legislation and dated September 1, 1997. The legislation also provides that the Huna Totem Corporation and Sealaska convey to the United States approximately 2,000 acres of surface and subsurface estate.

S. 426 does not specify the federal land to be conveyed to the Huna Totem Corporation, but it provides that the exchange be on the basis of equal value. Because the federal budget is on a cash basis, the budgetary impact of the land exchange is measured by its effect on the government's cash flow, such as changes in offsetting receipts from timber harvests. CBO expects that enacting this legislation could decrease offsetting receipts to the federal government. According to the Forest Service, the agency would generally consider the area acquired from the corporation to be unsuitable for future harvesting because it lies within the watershed and viewshed for the city of Hoonah. Some of the federal land that could be conveyed to the corporation under S. 426 currently does not generate federal timber receipts because it has been logged recently; however, a portion of the federal land that could be conveyed is not currently being harvested because it has been set aside as part of a conservation reserve under the Tongass National Forest management plan. According to the Forest Service, if the corporation harvested those areas following the exchange, then the agency would be obliged under the forest management plan to reserve for conservation another area of federal land within the Tongass National Forest that would otherwise be

harvested under current law. We estimate that any resulting loss of timber receipts would be less than \$500,000 a year over the 2001-2010 period.

On March 11, 1999, CBO transmitted a cost estimate for S. 426, the Huna Totem Corporation Public Interest Land Exchange Act, as ordered reported by the Senate Committee on Energy and Natural Resources on March 4, 1999. The two versions of the legislation are nearly identical, and our estimates of their costs are the same.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.